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Rewald kept rich image for CIA's sake, jury told

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Ronald Rewald took investors' money under false pretenses to preserve his CIA cover as a wealthy businessman, his lawyer said yesterday.

Brian Tamanaha, assistant federal public defender, displayed a CIA "contact sheet" showing Rewald volunteered his services to the CIA here in June 1978, was given a "secret" level security classification, and then helped set up "commercial cover" here for CIA personnel and supported operations at a Far East and a West Coast location and against intelligence "targets."

It was obvious to the CIA, Tamanaha said, that Rewald couldn't mingle with the richest men in the world unless he had "all the signs of great wealth himself."

And so all those cars and houses and horses that Rewald bought "were part of his role."

And, Tamanaha told the jury, "we won't kid you: Mr. Rewald enjoyed it."

Paid as a CIA informant for a year in the 1980s to infiltrate student organizations, Rewald always was "fascinated by the secret world of the CIA," Tamanaha said.

"It seemed romantic and mysterious," and when Rewald came to Hawaii in 1977 he volunteered to provide information about his trips abroad and perform other services.

"And at times it went to his head," Tamanaha conceded. Yes, Rewald had spent money on cars and women. "He made some mistakes, no doubt about it."

But Rewald, a man "who loves his country and believed in the CIA . . . believed in what he was doing."

He was also an "emotional man, some say 'soft,' whose greatest fault is his inability to say 'no.'"

"The CIA looks for and needs and recruits people with these characteristics," Tamanaha said.

And Rewald succeeded "beyond the CIA's wildest expectations" in developing friendships with some of the world's richest men, such as the sultan of Brunei and banker Enrique Zobel of the Philippines, by following CIA directions to buy the Hawaii Polo Club, Tamanaha said.

The firm of Bishop Baldwin Rewald Dillingham & Wong was riddled with persons cleared by and doing work for the CIA, including President Sunlin Wong, Tamanaha said.

Wong has said the company was a sham and has pleaded guilty to mail and securities fraud and is serving a two-year prison sentence.

The man behind this spy empire, Tamanaha suggested, was John H. "Jack" Kindschi, who joined the firm after retiring as CIA station chief here in 1980.

Kindschi has said that he was coaxed by Rewald, knew nothing of the alleged misuse of investor funds, and himself lost more than \$100,000.

Kindschi wrote the company's brochure and quarterly reports. Tamanaha said Kindschi also directed the hiring of several people, including an unnamed "John Doe 14," one of 19 persons involved whose names Tamanaha said could not be revealed for national security reasons.

"John Doe 14" appears to be a reference to Charles Conner of Sweden, a man Kindschi met when Kindschi was an undercover CIA agent in Stockholm years ago.

Another board member and consultant, operating under aliases of James T. Bishop and Richard Cavanaugh, was actually Charles L. Richardson, then the chief of foreign intelligence resources for the CIA's West Coast region, Tamanaha said.

Richardson was allowed to retire from the CIA after his role in the Bishop Baldwin debacle was exposed. He and Kindschi are prosecution witnesses.

Others listed by Tamanaha as linked to the CIA included retired airline pilot Ned Avery, lawyer Russell Kim, accountant Jerry Signori and secretary Sue Wilson.

But Rewald was an amateur, and "the company was literally falling apart," Tamanaha said.

Financial records did not exist, the lawyer said, because such operations must conceal CIA money.

Rewald secretly tape-recorded contacts with CIA officials because "he knew that when CIA operations were threatened, they cover their tracks and they cut and they run."

A new station chief, Jack Rardin, assured Rewald that his worries would be "taken care of," Tamanaha said, and warned Rewald to return the documents that would link Rewald "colder than a mackerel to the CIA."

But when a reporter broadcast that Bishop Baldwin was under investigation in the summer of 1983, Rewald knew "the cover was blown."

He tried to find Rardin, couldn't, and then checked into a Waikiki hotel and tried to kill himself, Tamanaha said.

The note he left his wife read, in part:

"I started out working for my country but I was abandoned by others who feared for their jobs."

The trial of Rewald on 98 federal charges is expected to last three months, with more investors testifying today for the prosecution.